EXHIBIT A

EXHIBIT A TO MEDIATION STATEMENT

MASTER
PROFESSIONAL ENGINEERING SERVICES AGREEMENT

This Master Professional Engineering Services Agreement ("Agreement") dated as of January __, 2005 ("Effective Date") is made and entered into between BSQUARE CORPORATION, a Washington corporation ("BSQUARE"), and Data Evolution Corporation , a Delaware corporation ("COMPANY").

1. **RECITALS.**

      1.1   Microsoft Corporation ("MS") has developed computing operating system/applications platform software known as "Windows CE" for use in certain types of computing devices.

      1.2   BSQUARE provides services ("Services") related to the adaptation of Windows CE onto customer devices. The Services are performed in connection with Microsoft's Platform Builder product, which is licensed (separately) by COMPANY.

      1.3   COMPANY plans to develop a computing device that incorporates Windows CE and desires to obtain certain custom adaptation and development services from BSQUARE for use in connection therewith.

2. **DEFINITIONS.**

      2.1   "BSQUARE Deliverables" shall mean the BSQUARE deliverables identified in the Statement of Work.

      2.2   "Derivative" shall mean any modification, enhancement, translation, or adaptation of, or anything generated or derived using, a BSQUARE Deliverable or a modification or derivation of a BSQUARE Deliverable.

      2.3   "Device" shall mean Company's device that incorporates Windows CE with the BSQUARE Deliverables.

      2.4   "Services" shall mean all services provided by BSQUARE on COMPANY's behalf under this Agreement.

      2.5   "Statement of Work" shall mean the Statement of Work attached as **Exhibit A**.

3. **STATEMENT OF WORK; THIRD PARTIES.**

      3.1   **Statement of Work**.

      3.1.1   BSQUARE agrees to provide COMPANY with the Services substantially in accordance with the Statement of Work. BSQUARE and COMPANY shall each use good faith and commercially reasonable efforts to perform their respective obligations specified in the Statement of Work to enable compliance with the schedule set forth in the Statement of Work.

      3.1.2   Each Statement of Work shall be a written document that, at a minimum, contains the following items: (1) a description of Work to be performed, including Deliverables to be provided, if any; and (2) the name and contact information of key personnel for BSQUARE and COMPANY. Each Statement of Work will be incorporated into this Agreement by amendment.

      3.1.3   If the parties intend a provision in a Statement of Work to take precedence over the body of this Agreement (which, for purposes of this subsection, excludes any Statement of Work), they must specifically recite in the Statement of Work the language in the body of this Agreement over which the Statement of Work takes precedence. Otherwise, if there is a conflict between any terms or conditions in the body of this Agreement and any terms or conditions in a Statement of Work, the body of the Agreement shall take precedence.

3.2   Third Parties.

3.2.1 To the extent that the Services performed by BSQUARE under this Agreement require information, materials or communications with third parties who are also working for COMPANY on this project, COMPANY agrees to the following:

3.2.2 Except as set forth in any Statement of Work, COMPANY shall be initially responsible for obtaining any such information or materials from such third parties that BSQUARE may need to perform its Services hereunder; and

3.2.3 In the event that COMPANY would like for BSQUARE to work directly with any such third parties, COMPANY agrees that it will provide written authority for BSQUARE to do so by signing and submitting to BSQUARE the form set forth in Exhibit E of this Agreement.

4.   BSQUARE DELIVERABLES. BSQUARE shall use good faith and commercially reasonable efforts to deliver the BSQUARE Deliverables according to the schedule contained in the Statement of Work. BSQUARE may distribute further versions of the BSQUARE Deliverables to COMPANY throughout the term of this Agreement as and when determined by BSQUARE; provided, however, that BSQUARE will give COMPANY reasonable notice that a further or an updated version of a BSQUARE Deliverable is forthcoming. If BSQUARE provides COMPANY with an updated version of any BSQUARE Deliverable during the term of this Agreement, then upon receipt of the updated version it shall be a BSQUARE Deliverable for purposes of this Agreement and COMPANY shall promptly integrate the updated version of that BSQUARE Deliverable and cease use of the prior version.

5.   INTELLECTUAL PROPERTY.

The Services may result in the delivery of various classifications of intellectual property to COMPANY, which shall hereinafter be referred to as "Deliverables".

5.1   Ownership.

5.1.1 Pre-existing Work. All rights in any computer code or materials developed or otherwise obtained by or for BSQUARE or its affiliates, or COMPANY or its affiliates independently of this Agreement ("Pre-existing Work") shall remain the sole property of the party providing the Pre-existing Work.

5.1.2 Developments. Upon receipt of full payment of the fees and expenses due hereunder, BSQUARE assigns COMPANY joint ownership in all rights in any computer code or materials (other than Pre-existing Work, third party intellectual property and any derivative work thereof, and other than the board design, rights to which are more fully described in Section 5.1.3 below) developed by BSQUARE (or in collaboration with COMPANY) and provided to COMPANY in the course of performance of this Agreement ("Developments"). "Joint ownership" means that, subject to COMPANY's use rights and restrictions described in Section 5.2 below, each party has the right to independently exercise any and all rights of ownership now known or hereafter created or recognized, without the need for further authorization to exercise any such rights or any obligation of accounting or payment of royalties.

5.1.3 Board Design. Subject to BSQUARE's ownership rights in the Sierra Board, which is BSQUARE Pre-Existing Work, all rights in the physical layout of the board design that is developed under this Agreement shall vest solely with COMPANY.

5.2 Use Rights. The ownership rights set forth in Section 5.1 above are subject to the following use rights:

5.2.1 Pre-Existing Work. During the performance of the Services for this Agreement, COMPANY grants to BSQUARE (and its contractors as necessary) a temporary, non-exclusive license to use,

reproduce and modify any of COMPANY'S Pre-existing Work provided to BSQUARE solely for the performance of the BSQUARE Services. Upon receipt of full payment of the fees and expenses due hereunder, BSQUARE grants COMPANY a non-exclusive, perpetual license to use, reproduce and modify any BSQUARE Pre-existing Work that may be incorporated as part of the Services delivered to COMPANY hereunder, and to distribute the object code version of such BSQUARE Pre-existing Work. COMPANY's license to BSQUARE Pre-existing Work is conditioned upon COMPANY's compliance with the terms of this Agreement.

5.2.2 Developments. (a) Source Code: Subject to the restrictions set forth in Section 5.3 and to the terms of any third party license as described in Section 5.4, COMPANY may use the source code contained in the Developments as follows: COMPANY may i) make copies thereof, but only in quantities reasonably necessary; ii) make modifications, changes and enhancements to the source code; and iii) use the source code solely to generate binary code ("Generated Binary"); and b) *Generated Binary*: With regard to the Generated Binary, COMPANY may display, market and distribute the Generated Binaries directly and/or through COMPANY's various marketing channels.

5.2.3 Patents. During the performance of this Agreement, COMPANY grants to BSQUARE (and its contractors as necessary) a temporary, non-exclusive license to use, reproduce and modify any of its patented materials provided to BSQUARE solely for the performance of the Services.

5.3 Restrictions: The ownership and use rights set forth in Sections 5.1 and 5.2, respectively, are subject to the following restrictions:

5.3.1 COMPANY shall not assign, license, sublicense, transfer, or distribute any Deliverables in source code format.

5.3.2 COMPANY shall not distribute, or allow for the distribution of, any Deliverable as a stand-alone component.

5.3.3 COMPANY shall not undertake any action that could interfere with or diminish BSQUARE's right, title or interest in BSQUARE trademarks, BSQUARE trade names or BSQUARE product names. However, with respect to new BSQUARE trademarks, trade names or product names not in use at the time of this Agreement ("New BSQUARE Marks"), the above restriction shall not restrict COMPANY from taking reasonable actions to protect its own trademarks, trade names or product names which it placed in use prior to the date the New BSQUARE Marks were placed in use. COMPANY shall not use or display any logo of BSQUARE (including, without limitation, any stylized representation of BSQUARE's name) in its materials or packaging, except as provided by separate written agreement with BSQUARE. COMPANY shall not use or imitate the trade dress of BSQUARE products.

5.3.4 These use restrictions shall survive termination or expiration of this Agreement.

5.4 Third Party Licenses. The parties agree to obtain rights to any third party products required for the Services as follows:

5.4.1 COMPANY shall obtain the third party licenses necessary for BSQUARE to perform the Services under this Agreement as set forth in Exhibit A, Section VI. COMPANY agrees to hold BSQUARE harmless from any failure of COMPANY to obtain the license rights as required under this Section

5.4.2 COMPANY acknowledges and agrees that, if applicable to the Services provided under this Agreement, COMPANY must enter into a separate license agreement in order to use Windows CE, and that this Agreement grants COMPANY no rights to Windows CE.

6. COMPENSATION. COMPANY shall pay BSQUARE the service compensation described on Exhibit C in accordance with the terms set forth therein.

7.   **TERM OF AGREEMENT.**

The term of this Agreement shall be effective from the Effective Date until the effective date of any termination under Section 8.

8.   **DEFAULT AND TERMINATION.**

8.1   **Events of Default.** A party shall be in default under this Agreement (a "Default") if such party: (a) materially fails to perform or comply with any provision of this Agreement; or (b) becomes insolvent, enters bankruptcy, reorganization, composition or other similar proceedings under applicable laws, whether voluntary or involuntary, or admits in writing its inability to pay its debts, or makes or attempts to make an assignment for the benefit of creditors.

8.2   **Termination upon Default.** The non-defaulting party may terminate this Agreement effective upon thirty days' written notice to the defaulting party for breaches of any provision of this Agreement. Termination shall be effective thirty days after notice of termination to the defaulting party if the defaults have not been cured within such thirty-day period.

8.3   **Termination by Mutual Agreement.** This Agreement may be terminated by mutual written agreement signed by the parties. Such agreement must address, at a minimum, payment of fees for BSQUARE Services performed through the date of termination.

8.4   **Force Majeure.** BSQUARE shall not be in Default for failure to deliver any BSQUARE Deliverable pursuant to Section 4, if such failure was the result of events outside of BSQUARE's control, including but not limited to, acts of God, fire or actions of any governmental agency, however, BSQUARE shall take all reasonable steps to avoid or remove such causes of non-performance and shall promptly continue performance hereunder whenever such causes are removed.

8.5   **Survival of End User License.** If applicable, COMPANY end user licenses to use the Generated Binary on COMPANY Devices that have been granted in accordance with this Agreement during its term shall survive termination of this Agreement.

9.   **SURVIVAL UPON TERMINATION.**

Upon termination of this Agreement, Sections 3, 4, 5, 6, and 8-21 of this Agreement shall survive.

10.   **Confidentiality.**

10.1   **Confidential Information.** COMPANY and BSQUARE agree that for a period of (5) years from the date of this Agreement, COMPANY and BSQUARE shall not disclose any information contained in any written document that is marked by either Party as "Confidential", to any person, firm, or corporation, or use it for its own benefit except as provided herein. This provision shall also apply to any information conveyed orally by BSQUARE to COMPANY or by COMPANY to BSQUARE, provided such information is identified at the time of transmittal as being "Confidential".

Both Parties to this Agreement shall limit disclosure of Confidential Information only to its employees and contractors having the need to know and shall take all reasonable steps to prevent any inadvertent or wrongful disclosure by such employees or contractors. Neither Party to this Agreement may copy such Confidential Information, in whole or in part, without the prior written consent of the other party. Both Parties to this Agreement shall return or destroy, at the disclosing Party's option, the original and any and all copies of Confidential Information at the termination of the Agreement or upon written request of the disclosing Party, whichever occurs first.

The Parties hereto agree that information shall not be deemed Confidential and neither Party shall have an obligation with respect to any such information which:

(a) is already known without restriction to the other Party; or

(b) is or becomes publicly known through no wrongful act of the other Party; or

(c) is received from a third party without restriction and without breach of this Agreement; or

(d) is independently developed by the other Party.

10.2   **Residual Knowledge.** The terms of confidentiality under this Agreement shall not be construed to limit either party's right to independently develop or acquire products without use of the other party's Confidential Information. Further, either party shall be free to use for any purpose the residuals resulting from access to or work with such Confidential Information, provided that such party shall maintain the confidentiality of the Confidential Information as provided herein. The term "residuals" means information in non-tangible form, which may be unintentionally retained by persons who have had access to the Confidential Information, including ideas, concepts, know-how or techniques contained therein. Confidential Information purposefully retained or intentionally retained (e.g. through an effort to memorize) shall not be considered "residuals". Neither party shall have any obligation to limit or restrict the assignment of such persons or to pay royalties for any work resulting from the use of residuals. However, the foregoing shall not be deemed to grant to either party a license under the other party's copyrights or patents.

11.   LIMITED WARRANTY.

Subject to COMPANY's compliance with all the terms and conditions of the Agreement, the Device's compliance with the specifications set forth in Exhibit B, and the exclusive remedy provided for below, BSQUARE warrants to COMPANY only that the Final BSQUARE Deliverables (excluding all third party software, third party hardware and other third party components, and all services provided by a third party other than those design services provided by a subcontractor of BSQUARE, whose services shall be subject to this warranty), as delivered by BSQUARE and properly installed and operated on the Device, will materially conform to the Acceptance Criteria as set forth in Exhibit A, Section VIII(A), for such Final BSQUARE Deliverable for a period of 150 days after the date of acceptance by COMPANY of the Final BSQUARE Deliverable.

12.   EXCLUSIVE REMEDY.

COMPANY's exclusive remedy for any breach of warranty and BSQUARE's sole obligation under the warranty is to correct, repair or replace any such BSQUARE Deliverable during the warranty period.

13.   LIMITATION OF LIABILITY AND REMEDY.

13.1   EXCEPT AS PROVIDED IN SECTION 11, THE BSQUARE DELIVERABLES ARE PROVIDED TO COMPANY "AS IS" WITHOUT WARRANTY OF ANY KIND AND THE ENTIRE RISK AS TO THE RESULTS AND PERFORMANCE OF THE BSQUARE DELIVERABLES IS ASSUMED BY COMPANY. EXCEPT AS PROVIDED IN SECTION 11, BSQUARE DISCLAIMS ALL WARRANTIES, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE BSQUARE DELIVERABLES, SUPPORT SERVICES AND BSQUARE SERVICES.

13.2   EXCEPT FOR BREACHES OF THE CONFIDENTIALITY OBLIGATIONS AND EXCEPT FOR EACH PARTY'S INDEMNIFICATION OBLIGATION TO THE OTHER UNDER THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR DAMAGES EXCEEDING US ONE MILLION DOLLARS (US $1,000,000). EXCEPT FOR BREACHES OF THE CONFIDENTIALITY OBLIGATIONS OR ARISING FROM USE OF INTELLECTUAL PROPERTY BEYOND THE SCOPE PERMITTED BY THIS AGREEMENT, NEITHER PARTY SHALL HAVE ANY LIABILITY FOR ANY CONSEQUENTIAL, INDIRECT, INCIDENTAL, PUNITIVE, OR SPECIAL DAMAGES WHATSOEVER (INCLUDING WITHOUT LIMITATION,

DAMAGES FOR LOSS OF BUSINESS PROFITS, BUSINESS INTERRUPTION, LOSS OF BUSINESS INFORMATION, AND THE LIKE) ARISING OUT OF THIS AGREEMENT, THE USE OF THE BSQUARE DELIVERABLES AND ANY DERIVATIVES THEREOF OR THE INABILITY TO USE THE BSQUARE DELIVERABLES AND ANY DERIVATIVES THEREOF (INCLUDING WITHOUT LIMITATION ANY DAMAGES ARISING UNDER ANY CLAIM OF NEGLIGENCE, STRICT LIABILITY OR OTHER THEORY), EVEN IF THE PARTY INCURRING SUCH DAMAGES HAS ADVISED THE OTHER PARTY OF THE POSSIBILITY OF SUCH DAMAGES.

13.3   THE PARTIES AGREE THAT THESE LIMITATIONS ON POTENTIAL LIABILITIES WERE AN ESSENTIAL ELEMENT IN SETTING CONSIDERATION UNDER THIS AGREEMENT.

14.   INDEMNIFICATION.

14.1   <u>BSQUARE Indemnification</u>:

Subject to the below conditions, BSQUARE will defend or settle any suit or proceeding brought against COMPANY based upon a claim that those BSQUARE Deliverables which are distributed by COMPANY and used for their intended purpose in accordance with this Agreement constitute an infringement of third party copyrights or trade marks. Notwithstanding the above, this indemnification shall not apply to any claim if, to the best of BSQUARE'S knowledge, the use of the BSQUARE Deliverable alone and not in combination with any other product identified or contemplated by a Statement of Work would not constitute infringement of a third party copyright or trade mark; or (ii) if the claimed infringement arises out of third party materials or code to be integrated into the BSQUARE Deliverable pursuant to the Statement of Work.

BSQUARE shall have the foregoing obligations provided that: (i) BSQUARE is notified promptly in writing of such claim; (ii) BSQUARE controls the defense or settlement of the claim; and (iii) COMPANY cooperates reasonably and gives all necessary authority, information and assistance (at BSQUARE's expense).

BSQUARE will pay all damages and costs finally awarded against COMPANY, but BSQUARE will not be responsible for any costs, expenses or compromise incurred or made by COMPANY without BSQUARE's prior written consent. If the use of such BSQUARE Deliverables is permanently enjoined as a result of an indemnified claim, BSQUARE will exercise reasonable commercial efforts to procure for COMPANY the right to continue using such respective BSQUARE Deliverable, replace the same with non-infringing BSQUARE Deliverables or modify such BSQUARE Deliverable so that it becomes non-infringing.

Notwithstanding the above, BSQUARE shall not be responsible for indemnification of COMPANY for claimed infringements to the extent such claimed infringements are caused by compliance by BSQUARE with design documentation, specifications or instructions provided by COMPANY or arising out of characteristics of the platform (hardware or software) which the BSQUARE Deliverable is to operate on or communicate with, provided that BSQUARE did not have prior knowledge that such design documentation, specifications, instructions, or characteristics of the platform as part of a Statement of Work would infringe a third party's copyright or trademark; or COMPANY's failure to promptly implement updates to BSQUARE Deliverables made available by BSQUARE. Further, BSQUARE shall not be responsible for indemnification of COMPANY for claimed infringements to the extent that BSQUARE advises COMPANY of its prior knowledge that a design documentation, specifications, instructions, or characteristics of the platform will or may infringe a third party's copyright or trademark and COMPANY directs BSQUARE to proceed with the use of such notwithstanding this knowledge.

THE FOREGOING STATES THE ENTIRE LIABILITY AND OBLIGATION OF BSQUARE AND THE EXCLUSIVE REMEDY OF THE INDEMNIFIED PARTY WITH RESPECT TO ANY ALLEGED OR ACTUAL

INFRINGEMENT OF PATENTS, COPYRIGHTS, TRADE SECRETS, TRADEMARKS, OR OTHER INTELLECTUAL PROPERTY RIGHTS BY THE BSQUARE DELIVERABLES.

14.2   **COMPANY Indemnification:**

Except to the extent that a claim is subject to indemnification pursuant to Section 14.1, and subject to the below conditions, COMPANY will defend or settle any suit or proceeding brought against BSQUARE based upon:

14.2.1   a claim that any product which includes all or any portion of the BSQUARE Deliverables or any Derivative thereof constitutes an infringement of third party copyrights or trade secrets, or

14.2.2   the use, distribution and sale of the BSQUARE Deliverables or any Derivative thereof, or

14.2.3   the failure of COMPANY to implement any updates to the BSQUARE Deliverables delivered by BSQUARE, or

14.2.4   suits and claims brought against BSQUARE by any third party for COMPANY's breach of warranty to such third party, or

14.2.5   personal injury or product liability suits and claims arising out of use of the BSQUARE Deliverables or any Derivatives of them, provided that the Deliverable was not inherently dangerous or was the primary cause of the Deliverable or any Derivative thereof being deemed to be inherently dangerous. COMPANY shall name BSQUARE as an additional insured on its personal injury and product liability insurance policies.

COMPANY shall have the foregoing obligations provided that: (i) COMPANY is notified promptly in writing of such claim; (ii) COMPANY controls the defense or settlement of the claim; and (iii) BSQUARE cooperates reasonably and gives all necessary authority, information and assistance (at COMPANY's expense).

COMPANY will pay all damages and costs finally awarded against BSQUARE, but COMPANY will not be responsible for any costs, expenses or compromise incurred or made by BSQUARE without COMPANY's prior written consent.

THE FOREGOING STATES THE ENTIRE LIABILITY AND OBLIGATION OF COMPANY AND THE EXCLUSIVE REMEDY OF THE INDEMNIFIED PARTY WITH RESPECT TO ANY ALLEGED OR ACTUAL INFRINGEMENT OF PATENTS, COPYRIGHTS, TRADE SECRETS, TRADEMARKS, OR OTHER INTELLECTUAL PROPERTY RIGHTS BY THE INDEMNIFIED ITEMS.

15.   CHOICE OF LAW; VENUE. The validity, interpretation and/or enforcement of this Agreement shall be governed by and construed according to the laws of the State of Washington, U.S.A., without reference to its conflicts of laws doctrine.   BSQUARE and COMPANY irrevocably submit to venue and exclusive personal jurisdiction in the federal and state courts in Delaware for any dispute arising under this Agreement and each waives all objections to jurisdiction and venue of such courts.

16.   DISPUTES. BSQUARE and COMPANY will attempt to settle any claim or controversy arising out of this Agreement through consultation and negotiation in good faith and the spirit of mutual cooperation. If those attempts fail, then the dispute will be submitted for non-binding mediation conducted by a mutually acceptable mediator. The mediator will be chosen by BSQUARE and COMPANY within 21 days after written notice by either party demanding mediation. In no event shall either party unreasonably withhold consent to the selection of a mediator and BSQUARE and COMPANY will share equally the costs of the mediation. Any dispute that cannot be resolved between the parties through negotiation or mediation within 45 days of the date of the initial demand for mediation by one of the parties may then be submitted to a court or proper jurisdiction the courts within the

State of Delaware for resolution. The use of any mediation procedures will not be construed under the doctrines of laches, waiver or estoppel to affect adversely the rights of either party. Nothing in this Section 16 will prevent either party from resorting to judicial proceedings, if: (a) good faith efforts to resolve the dispute have been unsuccessful, (b) the claim or suit involves intellectual property rights, or (c) interim relief from a court is necessary to prevent serious and irreparable injury to that party or to others.

17.   ASSIGNMENT.

Neither BSQUARE nor COMPANY shall assign this Agreement without the other party's prior written consent, except that either party may transfer this Agreement without the consent of the other party if such transfer is to (i) its parent; (ii) a subsidiary or an affiliate whereby such organization owns more than fifty percentage (50%) of the transferring party; or (iii) a transferee of its assets or successor by operation of law. Subject to the foregoing, this Agreement shall bind and inure to the benefit of the parties and their respective successors and permitted assigns. Notwithstanding anything in this Agreement to the contrary, BSQUARE may at any time during the term of this Agreement or thereafter use third party contractors to assist BSQUARE with any of its obligations under this Agreement; provided, however, BSQUARE shall enter into written agreement(s) with such third parties imposing an obligation of confidence on such third parties with respect to the BSQUARE Deliverables.

18.   NOTICES.

All notices, authorizations, and requests in connection with this Agreement shall be deemed given (i) three business days after deposit in the U.S. mail, postage prepaid, certified or registered, return receipt requested; or (ii) upon delivery, if sent by air express courier, charges prepaid; and addressed as follows (or to such other address as the party to receive the notice or request so designates by written notice to the other).

If to COMPANY:
Data Evolution Corporation
650 Poydras Street
Suite 1467
New Orleans, LA 70130
Facsimile: 504.737.4749
Attention: William C. Perez

If to BSQUARE:
BSQUARE CORPORATION
110 110th Avenue SE, Suite 200
Bellevue, WA 98004 USA
Facsimile: (425) 519-5900
Attention: Legal Department

19.   EXPORTS.

Each party agrees that it will not export or re-export, or knowingly permit the re-export of, any BSQUARE Deliverables or any Derivative to any country, person, entity or end-user contrary to U.S. export controls. Without limiting the generality of the foregoing, each specifically agrees not to export or re-export, or knowingly permit the re-export of, any BSQUARE Deliverables (a) to any country to which the U.S. has embargoed or restricted the export of goods or services, which include, but are not necessarily limited to, those countries listed in Country Groups D:1 or E:2 of the Export Administration Regulations, 15 C.F.R. Pt. 740 (Supp. No. 1), or to any national of any such country who the party knows intends to transmit or transport the BSQUARE Deliverables to such country; (b) to any end-user who the party knows will use the BSQUARE Deliverables in the

design, development or production of nuclear, chemical or biological weapons; or (c) to any end-user who has been prohibited from engaging in export transactions with U.S. persons under applicable U.S. laws.

20.   NON-SOLICITATION.

During the term of this Agreement and for a period of six months thereafter, COMPANY shall not, either directly or indirectly, solicit or recruit for employment (whether as an employee, independent contractor, consultant or otherwise), any employee of BSQUARE without BSQUARE's prior written consent.

21.   GENERAL.

21.1   This Agreement, including the exhibits hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior and contemporaneous communications. It shall not be modified except by a written agreement signed on behalf of each party by their respective duly authorized representatives. This Agreement does not constitute an offer and shall not be legally binding until executed by both parties hereto.

21.2   BSQUARE and COMPANY are independent contractors and shall so represent themselves to all third parties. Neither party has the right to bind the other in any manner whatsoever and nothing in this Agreement shall be construed as creating a partnership, joint venture or agency relationship or as granting a franchise.

21.3   If any provision of this Agreement shall be held by a court of competent jurisdiction to be illegal, invalid or unenforceable, that provision of the Agreement will be enforced to the maximum extent permissible so as to effect the intent of the parties, and the remainder of this Agreement shall remain in full force and effect.

21.4   No waiver of any breach of any provision of this Agreement shall constitute a waiver of any prior, concurrent or subsequent breach of the same or any other provisions hereof, and no waiver shall be effective unless made in writing and signed by an authorized representative of the waiving party.

21.5   Each party shall, at its own expense, promptly obtain and arrange for the maintenance of all non-U.S. government approvals, if any, as may be necessary for its performance under this Agreement.

21.6   This Agreement may be executed in two or more counterparts, all of which shall constitute but one and the same instrument.

21.7   Any action for breach of this Agreement or any claim related to this Agreement or its subject matter must be commenced within one year of accrual of such cause of action.

21.8   If either BSQUARE or COMPANY employs attorneys to litigate any rights arising out of or relating to this Agreement, the prevailing party as determined by the court shall be entitled to recover its reasonable attorney fees and costs, including such costs and fees as may be incurred on appeal or in bankruptcy proceedings.

21.9   Purchase Orders. COMPANY, for its own convenience and internal tracking, may use purchase order(s). No terms and conditions contained in any such purchase order will in any way be construed to affect this Agreement, or any Exhibits or Amendments to this Agreement, or Work Statements, or Additional Work Statements, or in any way bind BSQUARE.

21.10   Press Release. After any new product announcement by COMPANY for any product incorporating the results of the work performed by BSQUARE, BSQUARE may issue a press release describing its role in the development of the product. Such press release shall be subject to approval by COMPANY, which approval shall not be unreasonably withheld. If COMPANY has not disapproved a press release within five business days after submission, it shall be deemed approved and BSQUARE may distribute it to the press.

22.   EXHIBITS. The following Exhibits are part of this Agreement, and are incorporated into this Agreement in their entirety by this reference:

Exhibit A	Statement of Work
Exhibit A-1	Change of Scope Form
Exhibit A-2	Certificate of Acceptance
Exhibit A-3	Notice of Rejection
Exhibit B	Requirements Specification
Exhibit C	Compensation and Payment Schedule
Exhibit D	Authorization to Work Directly with Third Parties

IN WITNESS WHEREOF, the parties have executed this Agreement dated as of the date first set forth above.

COMPANY: DATA EVOLUTION CORPORATION

By:_____

Title:_____

Date:_____

BSQUARE CORPORATION

By:_____

Title:_____

Date:_____

bSQUARE

EXHIBIT A [TO AGREEMENT]

Data Evolution Clio V2 Product Development
STATEMENT OF WORK

REV. **1.0**

Submitted by:

BSQUARE Corporation
110 110th Avenue NE, Suite 200
Bellevue, WA 98004
(425) 519-5900 (Voice)
(425) 519-5999 (Fax)

To:

Data Evolution
650 Polydrass St., Suite 1467
New Orleans, LA 70131
Attn: Robert Sowah
Telephone #: (613)233-7075
Email: rsowah@dataevolution.com

Copyright Notice

Revision History

Revision	Date	By	Purpose
DRAFT	12/3/04	Carlos Ribas/Tim Harrington	Initial Release
1.0	1/7/04	Tim Harrington	Minor changes and change to Version 1.0

Contents

Definitions

The following terms are used throughout the Statement of Work and are defined in the table below.

TABLE 1. DEFINITIONS

Acceptance Period	The time period defined herein that the customer will accept or reject each BSQUARE deliverable made under this statement of work.
Agreement	The Professional Engineering Services Agreement entered into by the parties, to which this Exhibit A is incorporated.
AVL	Approved vendors list.
BOM	Bill of materials.
Board Turn	A board turn is a modification of electronic printed circuit board design. This is followed by re-tooling and fabrication of the printed circuit board and printed circuit board assembly.
BSQUARE	BSQUARE Corporation.
BSP	Board Support Package.
CE	Conformité Européenne (European health & safety product label).
CM	Contract Manufacturer.
COS	Change of scope.
Customer	Data Evolution Corporation.
Device	For purposes of this Statement of Work, Device shall mean the Clio® C-1050 PC Companion, version 2 (Clio® V2).
Develop	BSQUARE will develop new software and/or hardware.
DFM	Design for manufacturability.
DFT	Design for testability.
DOC	DiskOnChip technology by M-Systems Corporation.
DVT	Design verification testing.
ECN	Engineering change notice.
EE	Electrical Engineering.
EMC	Electromagnetic Compatibility.
FCC	Federal Communications Commission.
Integrate	BSQUARE will integrate existing software owned by the Customer or a third-party.
I/O	Input or Output signal.

ME	Mechanical Engineering.
Modify	BSQUARE will modify existing software owned by the Customer or a third-party.
NPI	New product introduction.
PCA	Printed circuit board assembly.
PCB	Printed circuit board.
PVT	Production verification testing.
SOW	Statement of work.
UL	Underwriters Laboratories Incorporated.
V2	Version two.

Project Description

This document defines the electrical, mechanical, and software development tasks, program management services and other activities required to deliver a design package that will enable volume production of the Clio V2 Device. The design package will include; schematics, layout files, Bill of Materials, mechanical drawings, and updated tooling fabrication drawings to enable Data Evolution to engage in high volume production.

BSQUARE will provide the Windows CE.NET 4.2 BSP for Clio V2 device. This design is based on Intel's PXA255 microprocessor. The BSP will be tested by BSQUARE Quality Assurance will be at a Production Quality level as defined in section 0.

BSQUARE will outsource and manage the mechanical engineering effort as described in this SOW. The mechanical partner will be responsible for implementing the mechanical changes to the Clio design and tools that will be required to enable production of the Clio V2 device.

BSQUARE will not be under direct contractual agreement with the Contract Manufacturer. BSQUARE's obligations towards the Contract Manufacturer are limited to synchronizing BSQUARE's tasks and schedule described in this SOW with those of the CM to meet the goal above. It is Data Evolution's responsibility to have the contractual agreement in place between Data Evolution and the Contract Manufacturer. The synchronization of activities will begin after the agreement between Data Evolution and the CM is executed. BSQUARE is not responsible for the CM's schedule or work product. As described below, this agreement must be in place following the execution of this SOW.

This SOW defines the work necessary to deliver a product that meets the Data Evolution requirements for the Clio V2 device. The preliminary list of requirements provided by Data Evolution and expanded at meetings held at BSQUARE on November 9 and 10, 2004 is listed in "Exhibit B – Preliminary Clio V2 Requirements List".

Overview

This project is organized in to four chronological Phases. :

- **Phase 1:** Feasibility and Risk Analysis – study of implementation choices, risks and associated impact on schedule and costs.

- **Phase 2:** Architecture Specification – detailed project planning and solution architecting.
- **Phase 3:** First Prototype Development – prototype development and design validation tests.
- **Phase 4:** Production Design Development – development and production validation tests to enable volume production and shipment.

Phase 1 activities include a formal project kick-off meeting, information and document exchange, assemble key development and manufacturing partners, review detailed list of requirements and feasibility/risk analysis. At the end of this phase a meeting will be held to present the results of the feasibility and risk analysis and choices trade-offs and impact on the schedule, project and BOM cost estimates.

Phase 2 activities include updating the program plan, defining partner deliverables and schedule, refine budget and schedule estimates, obtaining staffing commitments, defining hardware and software architecture, selecting major components, and generating an Architecture Specification document. This specification document will include the Clio V2's list of features requirements. Long lead time parts, if any, may need to be purchased in Phase 2. At the end of this phase a meeting will be held to present the Architecture Specification, updated schedule, project and BOM cost estimates.

Phase 3 is where the majority of the detailed design is accomplished. Prototype hardware will be designed following the Contract Manufacturer's (CM) design for manufacturability (DFM) and design for testability (DFT) rules. The CM will produce design verification testing (DVT) units. These DVT units will allow BSQUARE to integrate the electrical, mechanical, and software designs in order to enable design verification testing. The DVT units by the end of this phase will be hand reworked to validate design changes or enhancements that are discovered during verification testing.

Transition to Phase 4 is accomplished by the completion of phase 3. All design changes or enhancements prototyped in Phase 3 will be incorporated into Phase 4's design to enable production verification testing (PVT). The CM will produce PVT units. During this phase, the production version design will be submitted to Agency Certification as well as reliability, durability, and performance testing. Changes may be mandated as a result of this testing and if so may require additional effort to correct and retest. Also during Phase 4, packaging and shipping containers will be designed and tested and packaging graphics and documentation will be updated.

Data Evolution has requested an accelerated schedule to meet certain market windows. As a consequence of this request, BSQUARE is proposing to start Phases 1, 2 and 3 simultaneously and run them in parallel. Because actual development will be done before feasibility and product specification are completed, there is risk that design changes might be required. This could increase development cost and lengthen the schedule. Below is a diagram representing the chronology and synchronicity between these Phases. The horizontal axis (time) is merely representative of the sequence of events; it is not to scale:

FIGURE 1: PROPOSED SCHEDULING DIAGRAM

time

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A more detailed listing of specific Phase 1, 2, 3, 4 tasks is provided below.

Project Specifics

This section describes major tasks and deliverables to be performed by this project.

Phase 1 - Feasibility and Risk Analysis - Tasks and Deliverables

Phase 1 tasks, organized by discipline, are described below. Phases 2 and 3 detailed tasks will be updated upon the successful completion of the Phase 1's Feasibility Study and Risk Analysis Review deliverable.

Key Program Management Tasks: Phase 1

Maintain a current program plan and Program Master Schedule (project schedule).

Establish budgets and time charge codes.

Secure staffing commitments.

Finalize contractual relationship with the BSQUARE mechanical partner.

Integrate the project schedule and deliverables with the mechanical engineering partner.

Finalize contractual relationship with the BSQUARE CM partner.

Integrate the project schedule and deliverables with the CM partner.

Assign team roles and responsibilities, including external partners managed by BSQUARE.

Establish project files.

Prepare a kickoff package and hold a kickoff meeting.

Start and maintain issues and action lists.

Start and maintain project status reports.

Key Software Tasks: Phase 1

1. Review detailed list of requirements. Identify possible risk areas and changes of scope. Requirements include resolving known issues from the legacy Clio design.

Provide input to schedule.

Key Electrical Tasks: Phase 1

1. Review detailed list of requirements. Identify possible risk areas and changes of scope. Requirements include resolving known issues from the legacy Clio design.
2. Create preliminary BOM.
3. Provide input to schedule and BOM pricing.

Key Mechanical Tasks: Phase 1

1. Review detailed list of requirements. Identify possible risk areas and changes of scope. Requirements include resolving known issues from the legacy Clio design.
2. Review legacy Clio design database for completeness and compatibility with current design tools.

3. Identify major parts to be changed: tool change or new tool required.

4. Provide input to schedule and BOM pricing.

Key Manufacturing Tasks: Phase 1

The tasks in this section are for information only. They are to be executed by the CM.

1. Detail the CM new product introduction (NPI) process.

2. Identify potential holes or overlaps between BSQUARE and the CM processes. Define strategy to correct them.

3. Review CM manufacturing cost structure to validate a BOM cost model.

4. Provide input to schedule and BOM pricing.

Data Evolution Deliverables to BSQUARE: Phase 1

1. Product requirements for the Clio V2 design, including non-functional requirements such as environmental, reliability and Agency Certification requirements.

2. List of known issues on the current Clio product to be addressed for improvement on the Clio V2 design.

3. Define typical usage models for power consumption budget analysis.

4. Two physical Clio units plus spare parts as needed for the feasibility study.

5. Complete Clio design database in electronic format. That includes all mechanical and electrical design files plus detailed BOM.

6. Contact information for legacy suppliers, such as TorqMaster among others.

7. Determine availability of legacy components from Clio to be re-used on Clio V2, such as the battery pack and/or its internal components, keyboard, among others.

8. Data Evolution's changes of scope requests based on feasibility study and risk analysis review:

9. Requirements list changes.

10. Design implementation choices.

11. Program Management changes.

12. Data Evolution to select the CM.

13. Written acceptance of BSQUARE deliverables for this Phase.

BSQUARE Deliverables to Data Evolution : Phase 1

1. Program Management documentation

2. Updated Program Master Schedule.

3. Updated estimate of project and BOM costs.

4. Feasibility study and risk analysis review.

5. Product requirements list.

6. A list of major mechanical parts that are known to require changes. This list may be expanded in Phases 2 and 3.

Phase 2 - Architecture Specification - Tasks and Deliverables

Phase 2 tasks, organized by discipline, are described below. The gating factor for the completion of Phase 2 is the approval from Data Evolution of the finalized required features for the Clio. This determination will be based on Data Evolution's evaluation of the tradeoffs presented in the Phase 1 feasibility and risk analysis deliverable.

Key Program Management Tasks: Phase 2

1. Continue with Program Management activities as defined in Phase 1.

2. Coordinate the activities of the BSQUARE development team and BSQUARE external partners.

3. Maintain the Program Master Schedule, issues and action lists, budget, and project status reports.

4. As customer liaison, communicate project status, issues, impact of change of scope and out of scope requests, and answer questions related to the execution of the project.

5. Manage invoicing.

6. Conduct internal BSQUARE design reviews.

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Key Software Tasks: Phase 2

1. Define the product software architecture and debug requirements.

2. Contribute to the major electrical components selection and hardware architecture definition.

3. Define a list of required development tools.

4. Setup the development environment, including assembling of starting point code configuration.

5. Review budgetary estimates for scope and schedule updates.

Key Electrical Tasks: Phase 2

1. Define the product hardware architecture and debug requirements, including power consumption estimated budget that will determine trade-offs between battery capacity and battery life.

2. Select the major electrical components based on trade-offs between functionality, availability, pricing and the CM's approved vendors list (AVL).

3. Update Preliminary BOM.

4. Identify suppliers for custom parts, such as the keyboard and the battery pack.

5. Identify components that may have long lead times for early purchase.

6. Define a list of required development tools and equipment.

7. Setup the development environment.

8. Review budgetary estimates for scope and schedule updates.

Key Mechanical Tasks: Phase 2

1. Contribute to the major electrical components selection. Focus will be on connectors and electromechanical components.

2. Study integration feasibility for the new features: this includes the new user connectors, larger display and a new battery pack.

3. Inspect and assess all existing tools from legacy Clio design.

4. Define a list of required development tools.

5. Setup the development environment.

6. Review budgetary estimates for scope and schedule updates.

Key Manufacturing Tasks: Phase 2

The tasks in this section are for information only. They are to be executed by the CM.

1. CM provides approved vendors list (AVL), to guide components selection.

2. Procure long lead time components in DVT/PVT volumes.

3. Define and put in place a configuration management process, including a drawing structure and part numbering system.

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Data Evolution Deliverables to BSQUARE: Phase 2

1. Written acceptance of BSQUARE deliverables for this Phase.

BSQUARE Deliverables to Data Evolution: Phase 2

1. Program Management documentation.
2. Updated Program Master Schedule.
3. Updated estimate of project and BOM costs.
4. Clio V2 Architecture Specification document, which will include the Clio V2's complete list of requirements.
5. Design Review meeting.

Phase 3 - First Prototype Development - Tasks and Deliverables

Phase 3 tasks, organized by discipline, are described below.

Key Program Management Tasks: Phase 3

1. Continue with Program Management activities as defined in Phase 1.
2. Coordinate the activities of the BSQUARE development team and BSQUARE external partners.
3. Maintain the Program Master Schedule, issues and action lists, budget, and project status reports.
4. As customer liaison, communicate project status, issues, impact of change of scope and out of scope requests, and answer questions related to the execution of the project.
5. Manage invoicing.
6. Conduct internal BSQUARE design reviews.

Key Software Tasks: Phase 3

1. Modify Boot Loader and OAL under Windows CE.NET 4.2 operating system.
2. Integrate Silicon Motion's USB 1.1 Host driver.
3. Modify Flash and SDRAM Memory sub-system to new memory configuration.
4. Optionally integrate SDIO driver based on Intel's PXA255 1-bit SD interface.
5. Develop battery fuel gauge driver.
6. Modify Power Management.
7. Integrate V.92 Dial-Up Modem for data transfer only.
8. Integrate 802.11b Wireless Modem.
9. Integrate and modify Silicon Motion video driver for SVGA LCD output as well as analog RGB.
10. Modify Keyboard driver.
11. Modify touch screen driver.
12. Modify PCMCIA driver.

13. Develop Control Panel applets for power management, backlight control and alternate video output.

14. Bring-up, debug and qualify software running on DVT prototype hardware according to Test Plan.

15. Release DVT software for manufacturing, including functional test application.

Key QA Tasks: Phase 3

1. Develop Software Test Plan, Test Design Specification and Test Cases.

2. Execute Test Plan on completed modules.

Key Electrical Tasks: Phase 3

1. Finalize all electrical components selection.

2. Design DVT schematics for the Main board, the Backlight board, the LED board and the LCD flex cable.

3. Design DVT printed circuit board (PCB) layout for Main board, Backlight board, LED board, LCD flex cable and 802.11b antenna.

4. Release DVT design database for manufacturing, including board design files and bill of materials (BOM).

5. Design custom cables such as video output and USB cables, in case a custom design is needed.

6. Approve custom components DVT first articles, such as video cable, USB cable, printed circuit board assemblies (PCA's), keyboard and battery pack.

7. Develop the electrical hardware Validation Plan.

8. Bring-up, debug and qualify DVT prototype hardware according to Validation Plan.

9. Perform preliminary environmental and reliability tests.

10. Perform preliminary Agency Certification testing for EMC and Safety (FCC, UL, CE).

11. Define functional tests requirements.

Key Mechanical Tasks: Phase 3

1. Integrate new LCD.

2. Integrate new Input/Output (I/O) connectors.

3. Integrate new battery pack.

4. Modify display pivot area to accommodate the new LCD (Working with TorqMaster on a custom hinge, as needed for LCD integration).

5. Integrate new keyboard.

6. Improve battery contacts for robustness.

7. Improve battery access door, including door switch and tabs.

8. Improve rigidity of Main board to prevent PCA stress failures.

9. Improve PCMCIA sub-assembly robustness.

10. Improve clamshell design robustness to open/close stress.

11. Improve stylus holding clips robustness.

12. Define geometry and keep-out areas for Main board, Backlight board, LED board, LCD flex cable and 802.11b antenna.

13. Integrate 802.11b antenna.

14. Integrate the V.92 Modem module.

15. Release database for DVT build.

16. Select prototype shops for DVT build.

17. Approve DVT first article parts.

18. Build DVT units.

19. Develop a mechanical hardware Validation Plan.

20. Perform fit test, debug and qualify DVT parts according to Validation Plan.

21. Perform preliminary environmental and reliability tests.

Key Manufacturing Tasks: Phase 3

The tasks in this section are for information only. They are to be executed by the CM.

1. Develop PCB and PCA manufacturing tools.

2. Fabricate DVT PCB's.

3. Procure all parts for DVT prototypes.

4. Assemble DVT PCA's.

5. Negotiate components pricing at production volumes with vendors and produce a costed BOM.

6. Identify components that may have long lead times for early purchase. Start procurement of potential long lead time parts for volume production.

7. Define PCA design requirements for manufacturability (DFM).

8. Define PCA design requirements for testability (DFT).

9. Define assembly line test strategy/coverage requirements.

10. Develop assembly line test fixtures and associated software, such as ICT or JTAG.

11. Develop assembly strategy including; identifying subassemblies, preparing an assembly BOM, documenting the assembly sequence and designing fixtures and jigs required to facilitate the assembly process.

12. Develop custom components manufacturing tools, such as internal cables.

13. Develop DVT mechanic parts manufacturing tools, such as injected parts molds.

14. Fabricate DVT mechanical parts.

15. Document assembled unit test plan.

16. Establish a documentation revision control environment.

Data Evolution Deliverables to BSQUARE: Phase 3

1. Written acceptance of BSQUARE deliverables for this Phase.

BSQUARE Deliverables to Data Evolution: Phase 3

1. Program Management documentation
2. Updated Program Master Schedule.
3. Updated estimate project costs.
4. Software Test Plan and Test Design Specification.
5. DVT electrical and mechanical Validation Plan and results.
6. A number of actual DVT units in quantity defined in the Assumptions paragraph.
7. Design Review meeting.

CM Deliverables to Data Evolution: Phase 3

The Deliverables in this section are for information only. The actual deliverables will be defined by the CM.

1. Production assembly and test plan.

Phase 4 - Production Design Development - Tasks and Deliverables

Phase 4 tasks, organized by discipline, are described below.

Key Program Management Tasks: Phase 4

1. Continued Phase 1, Phase 2 and Phase 3 Program Management tasks.
2. Continued maintenance of the Program Master Schedule, issues and action lists, budget, and project status reports.
3. Continued customer liaison, communicate project status, issues, impact of change of scope and out of scope requests, and answers questions related to the execution of the project.
4. Conduct the Final Program Design Review.

Key Software Tasks: Phase 4

1. Debug and modify Boot Loader and OAL.
2. Debug and modify new drivers.
3. Debug and modify new applets.
4. Develop and integrate manufacturing functional test application software.
5. Release PVT software for manufacturing, including functional test application and engineering change notices (ECN).
6. Finalize PVT software engineering design documentation in BSQUARE's format such as release notes, etc.

Key QA Tasks: Phase 4

1. Execute Beta Test Pass.
2. Execute Production Test Pass.
3. Final Regression and CD Verification.

Key Electrical Tasks: Phase 4

1. Incorporate DVT PCB changes into the PVT PCB design.

2. Incorporate DVT PCA changes into the PVT PCA design.

3. Release PVT design database for manufacturing, including board design files, bill of materials (BOM) and engineering change notices (ECN).

4. Approve custom components PVT first articles, such as video cable, USB cable, printed circuit board assemblies (PCA's), keyboard and battery pack.

5. Bring-up, debug and qualify PVT hardware according to Test Plan.

6. Perform final environmental and reliability tests.

7. Perform final Agency Certification testing for EMC and Safety (FCC, UL, CE).

8. Support Data Evolution Device demonstration.

9. Finalize PVT electrical engineering design documentation in BSQUARE's format such as schematics, etc.

Key Mechanical Tasks: Phase 4

1. Design PVT database based on debugged and modified DVT design.

2. Release database for the PVT build, including engineering change notices (ECN).

3. Approve PVT first article parts.

4. Support CM building first PVT units.

5. Perform fit test, debug and qualify PVT parts.

6. Perform final environmental and reliability tests.

7. Finalize PVT mechanical engineering design documentation in BSQUARE's format such as 3D CAD files, BOM, etc.

Key Manufacturing Tasks: Phase 4

The tasks in this section are for information only. They are to be executed by the CM.

1. Update PCB and PCA tools.
2. Fabricate PVT PCB's pilot run using volume production process.
3. Procure all parts for PVT units pilot run.
4. Assemble PVT PCA's run using volume production process.
5. Procure parts for volume production as needed.
6. Update test fixtures and associated software.
7. Update PVT mechanic parts manufacturing tools.
8. Update production assembly and test plan.
9. Fabricate PVT mechanical parts.
10. Validate PVT assembly line through pilot run.
11. Finalize PVT manufacturing process documentation in the CM's format such as assembly BOM, assembly and test procedures, etc.
12. Develop product packaging including size and shape of the retail box and internal shock protection for the product and any accessories shipped with the product. Perform drop tests, shock tests, etc, to insure that the packaging adequately protects the device and accessories.
13. Develop strategy for shipping devices in bulk, palletized shipping etc.
14. Update graphics on the retail box.
15. Create product labels.
16. Design, fabricate and print boxes. Fabricate packaging materials.
17. Update User's Manual, quick start guide, warranty card, etc.

Data Evolution Deliverables to BSQUARE: Phase 4

1. Written acceptance of BSQUARE deliverables for this Phase.

BSQUARE Final Deliverables to Data Evolution: Phase 4

1. Program Management documentation
2. Updated Program Master Schedule.
3. Update estimate project costs.
4. Production quality software in binary format with associated Test Plan and results.
5. PVT electrical and mechanical design Validation Plan and results.
6. Agency approval certificates.
7. Final engineering design documentation in BSQUARE's format.
8. A number of actual PVT units in quantity defined in the Assumptions paragraph.
9. Final deliverable review meeting, including but not limited to a demonstration of the Device.

CM Deliverables to Data Evolution: Phase 4

The Deliverables in this section are for information only. The actual deliverables will be defined by the CM.

1. Final manufacturing documentation in the CM's format.

2. Packaging design, in-box documentation and shipping strategy.

Project Schedule

Phase 1 is estimated to be completed on December 17, 2004. The estimated completion of phases 2 through 4 will be estimated depending on the outcome of Phase 1.

This estimated duration is based on no anticipated Data Evolution deliverables delays, or specification changes, no partners' contractual agreements delays, the project assumptions will occur and be accurate and no significant change of scope (COS) requests will occur.

BSQUARE uses commercial reasonable efforts in all of its development activities. However, this does not guarantee that the design will successfully complete all of the testing. If testing results in unacceptable deficiencies the corresponding Phase will be extended to correct the deficiencies and resubmit the device for another round of testing. If this occurs, the project duration will increase as will the development cost.

Project Delays, Specification Changes, Assumptions, Exclusions and Change of Scope (COS)

Final determination of the project costs and schedule is dependent upon schedules and deliverables of other parties that are beyond the control of BSQUARE. The assumptions and dependencies upon which the estimated cost and schedule are based are documented here.

Project Delays

The development cost to Data Evolution for performance of the work defined herein assumes that all deliverables provided by Data Evolution or any third-party, including hardware, software, design documentation, and any written instructions, will be delivered to BSQUARE in a timely fashion and will be complete, accurate, and fully functional. Work performed by BSQUARE that is caused by late, incomplete, inaccurate, or non-functional Data Evolution of third-party deliverables may result in a day-for-day slip in the project schedule and/or may be subject to a Change of Scope.

Project Assumptions

This SOW is based on the following Assumptions either occurring and/or will be accurate as stated below:

1. Reusable parts of the Clio design exhibit acceptable reliability and safety such that no changes to these parts are required to meet reliability targets or safety considerations.

2. The legacy Clio design files are complete, accurate and compatible with the latest revisions of ProE for mechanical design and Cadence OrCAD for electrical design.

3. The 802.11b module interfaces via USB, CF, or PCMCIA.

4. The Clio mechanical design allows for an embedded 802.11b antenna design with minimum impact on the plastic case tooling.

5. The 56k baud modem module system interface will be TTL serial.

6. The alternate RGB video output will display the same content and same resolution as the in-system LCD display. The output selection between the two will be exclusive, meaning when one is active, the other is inactive.

7. This device will support a removable main battery plus a captive, not accessible to the end user, rechargeable backup battery.

8. The Clio mechanical design allows for a new battery with minimal changes to the tooling required to fabricate the plastic case and battery access door.

9. Device operation will be prevented when the main battery is not installed.

10. A coulomb counter based technology will be used for the main battery fuel gauging. The backup battery will be monitored through simple voltage gauging.

11. The internal CF slot, in the battery compartment will be used for memory only.

12. Two board turns are planned in the project estimate for material and development. DVT and PVT prototypes will be hand re-worked as needed to resolve design, manufacturing and/or certification issues. In case the reworked units can no longer provide meaningful validation test results because of excessive hand re-work, a subsequent turn of the hardware will be required in either phase 3 or 4 or both. This will constitute a change of scope.

A total of 24 DVT and 30 PVT prototypes are estimated to be produced. The following table shows the anticipated allocation of the prototypes:

TABLE 2: ALLOCATION OF PROTOTYPES

		DVT	PVT
Total Number of Prototypes		24	30
1	Hardware Development (EE, ME)	3	3
2	Data Evolution	5	5
3	Platform Software Development	3	3
4	Software QA	1	2
5	Environment and Reliability Tests, Agency Certification	5	8
6	Manufacturing	3	5
7	Spare	4	4

BSQUARE will outsource and manage the mechanical engineering portion of this effort.

BSQUARE will synchronize the BSQUARE tasks outlined in this SOW with those of the CM selected by Data Evolution. BSQUARE will not be under direct contract with the CM and is not responsible for the CM's schedule and/or deliverables.

A contract between Data Evolution and the CM is a requirement for the execution of this SOW.

The existing Clio documentation; User's Manual, Quick Start guide, etc., are available in WORD format and requires updates only.

Project Exclusions

This SOW is based on the following Exclusions:

1. Third party hardware, software, and/or development tools are assumed to be functional, free of undocumented features and defects, not needing repair, upgrade or troubleshooting.

2. The estimated project cost does not include any runtime licenses.

3. This estimate does not include any travel. If required, travel-related cost will be billed to the customer.

4. Application software supplied with Platform Builder will not be tested.

5. Third party software will not be tested.

Change of Scope (COS)

The occurrence of any of the following events which results in a change (that BSQUARE deems, in its sole discretion, to be a significant change) in the work as described in the current Statement of Work will result in a COS:

1. Deficiency or absence of a Data Evolution or third party deliverable listed herein, or

2. Project Delays as described herein, or

3. Requirements or Specification Changes, or

4. Deficiency or absence of a Project Assumption, or

5. Request for work that falls within a Project Exclusions or is otherwise not included herein.

If any of the above occurs, BSQUARE will submit to Data Evolution a COS document, a copy of which is provided as Exhibit A-1. Data Evolution shall have five (5) business days from its receipt of the COS in which to provide its written acceptance of the proposed COS. If Data Evolution does not accept the proposed COS within five (5) business days from the receipt of the COS, BSQUARE will continue the work as defined in the Statement of Work without such COS.

Third Party Product Licenses

The following third party suppliers may require Data Evolution to make licensing arrangements, however the drivers will be supplied to Data Evolution in BSQUARE's BSP deliverables without royalty fees:

1. MSystems DOC (disk on chip)

2. Philips USB

3. Silicon Motion Display Controller and USB

4. Wolfson Audio CODEC

5. Modem Driver

6. 802.11b module Driver

7. Others to be determined

Status Meetings and Reporting

During the project, BSQUARE will provide Data Evolution with regular status reports. Phone meetings will be scheduled. During these meetings, BSQUARE and Data Evolution will discuss the status of the projects and current issues.

Acceptance Process

Data Evolution shall issue BSQUARE either an Acceptance Certificate, a copy of which is provided as Exhibit A-2, or Notice of Rejection, a copy of which is provided as Exhibit A-3, by the end of the acceptance period. If BSQUARE does not receive either one or the other by the end of the Acceptance Period, Data Evolution shall be deemed to have accepted the BSQUARE deliverable. If Data Evolution issues a Notice of Rejection, BSQUARE will perform those tasks necessary to remediate any defects on a time and materials basis.

The electrical and mechanical designs will be tested against a Validation Plan. By accepting this plan, Data Evolution will be accepting that this plan's test coverage is sufficient to validate that the electrical and mechanical design works according to the product requirements as specified by Data Evolution.

The software will be tested through BSQUARE's CEValidator automated and manual

test suites. Additional tests will be run to test features not tested by CEValidator. These tests will be described on a Test Plan. By accepting this plan, Data Evolution will be accepting that this Test Plan's test coverage is sufficient to validate that the software design works according to the product requirements as specified by Data Evolution. A comprehensive list of defects classified by level of Severity and Priority will be maintained in a project specific database. The Software Levels of Quality, Severity and Priority that apply to the BSQUARE deliverables are described in Table 2.

The acceptance criteria for manufacturing is not part of this SOW.

In no event shall Data Evolution have any rights to use a BSQUARE deliverable until Data Evolution has formally accepted the BSQUARE deliverable in accordance with this section.

Acceptance Period

The Acceptance Period set forth in *Table 3*, below, will begin upon the delivery.

TABLE 3. BSQUARE DELIVERABLES AND ACCEPTANCE PERIOD AND CRITERIA

BSQUARE Deliverable	Acceptance Criteria	Expected Deliverable Date	Acceptance Period
Phase 1: Program Management documentation.	Deemed accepted when delivered.	12/17/2004	5 business days
Phase 1: Feasibility study and risk analysis.	Deemed accepted when delivered. Data Evolution to make trade-off choices before the following deliverable can be completed.	12/17/2004	5 business days
Phase 1: Updated product requirements list.	Deemed accepted when delivered.	1 business day after the trade-off choices from the above deliverable are made.	5 business days
Phase 1: List of major mechanical parts to be changed.	Deemed accepted when delivered.	12/17/2004	5 business days
Phase 2: Program Management documentation.	Deemed accepted when delivered.	To be defined based on the outcome of Phase 1.	5 business days
Phase 2: Clio V2 Architecture Specification.	Deemed accepted when delivered.	To be defined based on the outcome of Phase 1.	5 business days
Phase 3: Program Management documentation.	Deemed accepted when delivered.	To be defined based on the outcome of Phase 1.	5 business days

BSQUARE Deliverable	Acceptance Criteria	Expected Deliverable Date	Acceptance Period
Phase 3: Software Test Plan and Test Design Specification	Deemed accepted when delivered.	To be defined based on the outcome of Phase 1.	5 business days
Phase 3: DVT Electrical and Mechanical Validation Plan and results.	Most test cases results show "PASS". In the event of "FAILED" test cases, there will be reasonable explanation to each one of them to be approved by Data Evolution.	To be defined based on the outcome of Phase 1.	5 business days
Phase 3: Production Assembly and Test Plan.	Deemed accepted when delivered.	To be defined based on the outcome of Phase 1.	5 business days
Phase 4: Program Management documentation.	Deemed accepted when delivered.	To be defined based on the outcome of Phase 1.	5 business days
Phase 4: Production quality software..	Test results show: no priority 1 defects, no more then 10 priority 2 defects and no more then 20 priority 3 defects.	To be defined based on the outcome of Phase 1.	5 business days
Phase 4: PVT electrical and mechanical validation plan and results.	Most test cases results show "PASS". In the event of "FAILED" test cases, there will be reasonable explanation to each one of them to be approved by Data Evolution.	To be defined based on the outcome of Phase 1.	5 business days
Phase 4: Agency approval certificates	Deemed accepted when delivered.	To be defined based on the outcome of Phase 1.	N/A
Phase 4: Final engineering design documentation.	Deemed accepted when delivered.	To be defined based on the outcome of Phase 1.	5 business days
Phase 4: Packaging design, in-box documentation and shipping strategy.	Deemed accepted when delivered.	To be defined based on the outcome of Phase 1.	5 business days
Phase 4: Final manufacturing documentation.	Deemed accepted when delivered.	To be defined based on the outcome of Phase 1.	5 business days

Software Severity Levels

Following are the Severity categories with brief descriptions:

Severity 1 – Blocks Use: A Severity 1 defect blocks the use of an affected feature and has no work-around. Until the defect is fixed, the feature is unavailable. This category includes defects that cause the loss of data or lock up the Project Software. For example, if the Project Software hangs or crashes when trying to save a file, it is a Severity 1 defect.

Severity 2 – Has Work-Around: A Severity 2 defect is noticeable but there is a work-around. For example, there may be no way to save a file to a different directory from within an application, but the user can use Explorer to move the file after it is saved. Severity 2 includes defects that are a failure to meet performance requirements.

Severity 3 – Inconvenient: A Severity 3 defect causes awkward functionality. For example, a dialog box with no Cancel button forces the user to close the box instead. A defect that does not affect the operation of the Project Software but may affect its visual appearance is also a Severity 3 defect. For example, a typo on a menu item or an extra line of pixels in a dialog box qualifies as a Severity 3 defect.

Severity 4 – Enhancement: This is not a defect. It is a classification that allows enhancement requests to be added to the defect database.

Software Priority Levels

Following are the Priority categories with brief descriptions:

Priority 1 – Must Fix: A Priority 1 defect significantly impacts the potential sales of the final product because the device hangs, loses data, or fails to meet critical performance criteria. For example, if choosing the "Save As" menu option hangs the Project Software, it would be a Priority 1 defect.

Priority 2 – Should Fix: This is a noticeable defect but it does not significantly impact the potential sales of the final product. The user will probably see this defect, but there are straightforward ways to avoid or to mitigate its effects. For example, if program settings are not saved when the application is exited but they can be saved from a "Save Settings" option, it would be a Priority 2 defect.

Priority 3 – Minor: This defect may or may not be visible to the user – often the user does not even notice it. For example, if an operation is expected to take 15 seconds to complete but there is no progress bar, it would be a Priority 3 defect.

Software Levels of Quality

BSQUARE supports several levels of software quality. This project is Production Quality as defined below.

Production Quality

1. The Project Software is complete and final.

2. The Project Software has undergone at least two (2) complete test passes.

3. Final regression testings of Priority 1 and Priority 2 defects, and high priority areas and high-risk areas for the Project Software have been performed on the final Project Hardware.

Third-Party Software and Hardware

BSQUARE tests 3rd-party S/W and H/W for correct integration to ensure that the third-party software and hardware installs correctly. BSQUARE's testing of 3rd-party deliverables will be incidental in testing the prototype but not specifically targeted.

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b SQUARE

EXHIBIT A-1 [TO AGREEMENT]
Change of Scope

Customer: Project Name: Agreement:

Preparer: Date:

Section 1: To be Completed by Preparer or Requestor

Change Short Name: Change #:

Change DeDescription:

Reason for Change Request:

Category (Check One:)   ☐ Customer Request   ☐ Internal Request   ☐ Other (Explain)

Priority (Check One):   ☐ Optional   ☐ Desirable   ☐ Mandatory

Section 2: Change Request Evaluation Assignment

Estimator: Hours Estimated for Evaluation: Date Assigned:

Related Change Requests (List #s)   Estimated Start Date: Estimated End Date:

Section 3: Change Evaluation Report

Date Evaluation Completed: This change will ( ) will not ( ) affect the agreement (cost, schedule, or requirements).

Estimated Cost: Estimated Schedule Impact   New Project Total $:

Impact of Accepting Requested Change: Payment Terms:

Impact of Rejecting Requested Change:

Deliverables Affected (Reference Statement of Work as appropriate):

Section 4: Client Disposition – Completed by Client Project Manager or Sponsor

Approval (Check One):   ☐ Approve: ☐ Disapprove: ☐ Defer Until:

Name (Print):   Signature: Date:

_____   _____   _____

Section 5: Final Approval Signatures

Customer Authorizer Name (Print):　　　　Signature:　　　　　　　　　　　Date:

_____　　　_____　　　_____

BSQUARE Program Manager (Print):　　　Signature:　　　　　　　　　　　Date:

_____　　　_____　　　_____

BSQUARE Vice President (Print):　　　　Signature:　　　　　　　　　　　Date:

_____　　　_____　　　_____

Note: Customer agrees that this change request is an addendum to the existing Agreement with BSQUARE, and all terms and conditions are still in effect in accordance with this change.

b SQUARE

EXHIBIT A-2 [TO AGREEMENT]
Acceptance Certificate

Customer: Project Name: Agreement:

Preparer: Date Submitted:

Section 1: To be Completed by Preparer or Requestor

Deliverable Name: Date Delivered:

Deliverable Description (Reference section in Statement of Work as appropriate):

Copy of Acceptance Criteria (From Statement of Work):   Attached: ☐ Yes   ☐ No

ARE Assessment of Compliance with Acceptance Criteria:

ction 2: Minor Non-compliant Items Noted by Customer

nding Action Items Remaining:

ction 3: Acceptance Signatures

ferenced Deliverable/Milestone has been completed according to Acceptance Criteria agreed between BSQUARE and
Of Customer If this document is not returned to the BSQUARE Project Manager within #of Days working days with
ure or comments, the deliverable will be considered accepted. Once accepted, by signature or by default, future
s to this deliverable must be submitted through a formal Change Request.

mer Acceptance Name (Print):   Signature: Date:

_____   _____   _____

ARE Program Manager (Print):   Signature: Date:

_____   _____   _____

ARE Vice President (Print):   Signature: Date:

_____   _____   _____

Q U A R E

EXHIBIT A-3 [TO AGREEMENT]

Notice of Rejection

Project Name: Agreement:

er: Date Submitted:

ction 1: To be Completed by Preparer or Requestor

rable Name: Date Delivered:

able Description (Reference section in Statement of Work as appropriate):

Assessment of Non-Compliance with Acceptance Criteria:

---

ction 2: Acceptance Signatures

Rejection Name (Print):   Signature: Date:

_____ _____ _____

RE Program Manager (Print):   Signature: Date:

_____ _____ _____

RE Vice President (Print):   Signature: Date:

_____ _____ _____

<u>**EXHIBIT B [TO AGREEMENT]**</u>

REQUIREMENTS SPECIFICATION

EXHIBIT C [TO AGREEMENT]

COMPENSATION AND PAYMENT SCHEDULE

1.   Service Compensation. COMPANY shall pay BSQUARE on a time and materials basis for performing the Services described in Exhibit A at the rate of US $120.00 per person per hour.

2.   Invoicing. BSQUARE shall invoice COMPANY for payment of service compensation on a monthly basis. COMPANY shall pay 85% of the invoiced amount within thirty days of receipt and withhold 15% of the invoice amount pending attainment of the milestones listed below. Upon attainment of each milestone listed below, BSQUARE shall provide Company with a letter documenting attainment of the milestone. Company shall pay BSQUARE within 5 (five) business days from receipt of the letter for any amounts previously withheld.

Milestone

1. Release DVT PCA and Mechanical Documentation
2. Deliver DVT Units
3. Release PVT PCA and Mechanical Documentation
4. Release Final PVT Software, Electrical & Mechanical Documentation

Any amounts not paid by COMPANY when due will bear interest at the rate of 1.5% per month, which interest will accrue and be compounded monthly and be added to the amount due BSQUARE.

3.   Reimbursable Expenses. COMPANY shall reimburse BSQUARE for those expenses incurred by BSQUARE (plus a mark up of 5% for subcontractor services, expenses, components and supplies) in the performance of its obligations directly or indirectly pursuant to the Statement of Work with COMPANY's prior written consent and issuance of purchase orders documenting such consent, whether or not such items are specifically referred to in the Statement of Work. BSQUARE shall invoice COMPANY for payment of authorized expenses, and COMPANY shall pay such invoices net 30 from the date of each invoice. COMPANY's obligation to reimburse BSQUARE for expenses shall survive this Agreement, and COMPANY shall fulfill the obligation(s) independent of any dispute that may exist between COMPANY and BSQUARE. Any such obligation(s) shall not be subject to any right of offset that COMPANY may have.

4.   Taxes/Duties. The prices and charges set forth in this Agreement, including exhibits, shall be exclusive of all charges for all applicable sales, excise, value added, use or other taxes and any custom or duty charges associated with the BSQUARE Deliverables, the BSQUARE Services or this Agreement. Such taxes, customs and duties shall be the sole responsibility of COMPANY.

5.   Gross-up Provision. Any and all payments by COMPANY under this Agreement shall be made free and clear of, and without reduction for, withholding taxes or any other present or future taxes, levies, imposts, deductions, charges or withholdings. If COMPANY shall be required under any applicable law to deduct any tax from or in respect of any amount payable under this Agreement, (i) the sum payable hereunder shall be increased as may be necessary so that after making all required deductions (including deductions applicable to the additional amounts payable under this sentence), BSQUARE receives an amount equal to the sum it would have received had no such deductions been made, (ii) COMPANY shall make the required deductions, and (iii) COMPANY shall pay the full amount deducted to the relevant tax authority or other authority in accordance with applicable law.

EXHIBIT D [TO AGREEMENT]

AUTHORIZATION TO WORK DIRECTLY WITH THIRD PARTIES

1. COMPANY hereby grants complete and full authority to BSQUARE to work directly with the following third parties ("Third Party") in performing its Services under this Agreement:

    1.1 Any entity named on any purchase order issued by COMPANY; and

    1.2 The contract manufacturer contracted by COMPANY. Since COMPANY has not entered into a contract with the contract manufacturer as of date of signing of this Agreement, the parties agree that they will amend this Agreement at the time that COMPANY signs the agreement with the contract manufacturer in order to specifically identify such.

2. COMPANY agrees that, by granting this authority:

    2.1 All terms and conditions of the Agreement and Exhibits shall continue to govern, including, but not limited to, the Assumptions and External Dependencies set forth in Section V of Exhibit A, Statement of Work, of the Agreement; and

    2.2 COMPANY's indemnification obligation to BSQUARE as set forth in Section 14.2 of this Agreement is extended to include any and all claims described therein that are caused by the Third Party.

Submitted on behalf of COMPANY:

By: _____

Its: _____

Date: _____

QUARE

Change of Scop

Data Evolution   Project Name: Clio Version 2   Agreement:

er: Carlos Ribas   Date: 01/17/2005

Section 1: To be Completed by Preparer or Requestor

Short Name: Selected battery configuration to option #3   Change #: 001

Description: Changed from 4 battery cells to 3 (option #3 in the Feasibility document)

for Change Request: Less impact on the mechanical changes

Category (Check One:)   ☒ Customer Request   ☐ Internal Request   ☐ Other (Explain)

Priority (Check One):   ☐ Optional   ☐ Desirable   ☒ Mandatory

Section 2: Change Request Evaluation Assignment

Estimator: Carlos Ribas   Hours Estimated for Evaluation: Date Assigned:

Related Change Requests (List #s)   Estimated Start Date: Estimated End Date:

Section 3: Change Evaluation Report

Date Evaluation Completed: This change will (X) will not ( ) affect the agreement (cost, schedule, or
   Done within Phase 1   requirements).

Estimated Cost: $9,600   Estimated Schedule Impact: New Project Total $: 389,971

Impact of Accepting Requested Change:

Impact of Rejecting Requested Change:

Deliverables Affected (Reference Statement of Work as appropriate):

Section 4: Client Disposition – Completed by Client Project Manager or Sponsor

Approval (Check One):   ☒ Approve: ☐ Disapprove: ☐ Defer Until:

Name (Print):   Signature: Date:

_____   _____   _____

Section 5: Final Approval Signatures and Funding

Client Authorizer Name (Print):   Signature: Date:

_____   _____   _____

BSQUARE Program Manager (Print):   Signature: Date:

_____   _____   _____

BSQUARE Vice President (Print):   Signature: Date:

_____   _____   _____

Note: Client agrees that this change request is an addendum to the existing Agreement with BSQUARE, and all terms and conditions are still in effect in accordance with this change.

b s q u a r e

Change of Scope

Client: Data Evolution   Project Name: Clio Version 2   Agreement:

Preparer: Carlos Ribas   Date: 01/17/2005

Section 1: To be Completed by Preparer or Requestor

Change Short Name: Miscellaneous architectural changes   Change #: 002

Change Description: replaced CF by SD / use OTS keyboard / deleted Audio In / changes to the I/O ports

Reason for Change Request: Less impact on the mechanical changes and cost of development

Category (Check One:)   ☒ Customer Request   ☐ Internal Request   ☐ Other (Explain)

Priority (Check One):   ☐ Optional   ☐ Desirable   ☒ Mandatory

Section 2: Change Request Evaluation Assignment

Estimator: Carlos Ribas   Hours Estimated for Evaluation: Date Assigned:

Related Change Requests (List #s)   Estimated Start Date: Estimated End Date:

Section 3: Change Evaluation Report

Date Evaluation Completed: This change will (X) will not ( ) affect the agreement (cost, schedule, or
   Done within Phase 1   requirements).

Estimated Cost: $2,880   Estimated Schedule Impact: 3 days   New Project Total $: 392,851

Impact of Accepting Requested Change:

Impact of Rejecting Requested Change:

Deliverables Affected (Reference Statement of Work as appropriate):

Section 4: Client Disposition – Completed by Client Project Manager or Sponsor

Approval (Check One):   ☒ Approve: ☐ Disapprove: ☐ Defer Until:

Name (Print):   Signature: Date:

_____   _____   _____

Section 5: Final Approval Signatures and Funding

Client Authorizer Name (Print):   Signature: Date:

_____   _____   _____

BSQUARE Program Manager (Print):   Signature: Date:

_____   _____   _____

BSQUARE Vice President (Print):   Signature: Date:

_____   _____   _____

Note: Client agrees that this change request is an addendum to the existing Agreement with BSQUARE, and all terms and conditions are still in effect in accordance with this change.

bSQUARE

Change of Scope

Client: Data Evolution   Project Name: Clio Version 2   Agreement:

Preparer: Carlos Ribas/Michael Kahn   Date: 01/17/2005

Section 1: To be Completed by Preparer or Requestor

Change Short Name: Additional resource to DVT BOM procurement.   Change #: 003

Change Description: additional Bsquare resource required to work on component procurement

Reason for Change Request: Lack of CM – Long list of long lead time or not available parts.

Category (Check One:)   ☐ Customer Request   ☐ Internal Request   ☒ Other (Explain)

Priority (Check One):   ☐ Optional   ☐ Desirable   ☒ Mandatory

Section 2: Change Request Evaluation Assignment

Estimator: Carlos Ribas   Hours Estimated for Evaluation: Date Assigned:

Related Change Requests (List #s)   Estimated Start Date: Estimated End Date:

Section 3: Change Evaluation Report

Date Evaluation Completed: This change will (X) will not ( ) affect the agreement (cost, schedule, or
   Done within Phase 1   requirements).

Estimated Cost: $20,000   Estimated Schedule Impact: none   New Project Total $:

Impact of Accepting Requested Change:

Impact of Rejecting Requested Change:

Deliverables Affected (Reference Statement of Work as appropriate):

Section 4: Client Disposition – Completed by Client Project Manager or Sponsor

Approval (Check One):   ☒ Approve: ☐ Disapprove: ☐ Defer Until:

Name (Print):   Signature: Date:

_____   _____   _____

Section 5: Final Approval Signatures and Funding

Client Authorizer Name (Print):   Signature: Date:

_____   _____   _____

BSQUARE Program Manager (Print):   Signature: Date:

_____   _____   _____

BSQUARE Vice President (Print):   Signature: Date:

_____   _____   _____

Note: Client agrees that this change request is an addendum to the existing Agreement with BSQUARE, and all terms and conditions are still in effect in accordance with this change.

bsquare

Change of Scope

Client: Data Evolution   Project Name: Clio Version 2   Agreement:

Preparer: Carlos Ribas   Date: 01/24/2005

Section 1: To be Completed by Preparer or Requestor

Change Short Name: Build TWO quick prototypes for demo purpose   Change #: 004

Change Description: fit a FIC PCA and a Sharp 9.4" LCD into the Clio, adapt software to operate the Sharp LCD and the Clio keyboard – software at prototype level, no qualification.

Reason for Change Request:

Category (Check One:)   ☒ Customer Request   ☐ Internal Request   ☐ Other (Explain)

Priority (Check One):   ☐ Optional   ☐ Desirable   ☒ Mandatory

Section 2: Change Request Evaluation Assignment

Estimator: Carlos Ribas   Hours Estimated for Evaluation: Date Assigned:

Related Change Requests (List #s)   Estimated Start Date:01/10/2005   Estimated End Date:01/27/2005

Section 3: Change Evaluation Report

Date Evaluation Completed: This change will (X) will not ( ) affect the agreement (cost, schedule, or
   Done within Phase 1   requirements).

Estimated Cost: $21,760   Estimated Schedule Impact: none   New Project Total $:

Impact of Accepting Requested Change:

Impact of Rejecting Requested Change:

Deliverables Affected (Reference Statement of Work as appropriate):

Section 4: Client Disposition – Completed by Client Project Manager or Sponsor

Approval (Check One):   ☐ Approve: ☐ Disapprove: ☐ Defer Until:

Name (Print):   Signature: Date:

_____   _____   _____

Section 5: Final Approval Signatures and Funding

Client Authorizer Name (Print):   Signature: Date:

_____   _____   _____

BSQUARE Program Manager (Print):   Signature: Date:

_____   _____   _____

BSQUARE Vice President (Print):   Signature: Date:

_____   _____   _____

Note: Client agrees that this change request is an addendum to the existing Agreement with BSQUARE, and all terms and conditions are still in effect in accordance with this change.

bSQUARE

Change of Scope

Client: Data Evolution   Project Name: Clio Version 2   Agreement:

Preparer: Tim Harrington   Date: 03/16/2005

Section 1: To be Completed by Preparer or Requestor

Change Short Name: Change of Scope items from 2/14/05 Discussion   Change #: 005

Change Description: Misc. COS for Battery pack, power supply value engineering, LCD + Inverter admin, CM components part numbers, I/O connector placement"

Reason for Change Request: See Page 2 for list of changes and hour estimates.

Category (Check One:)   ☐ Customer Request   ☒ Internal Request   ☐ Other (Explain)

Priority (Check One):   ☐ Optional   ☐ Desirable   ☒ Mandatory

Section 2: Change Request Evaluation Assignment

Estimator: Michael Kahn   Hours Estimated for Evaluation: Date Assigned:

Related Change Requests (List #s)   Estimated Start Date: Estimated End Date:

Section 3: Change Evaluation Report

Date Evaluation Completed: This change will (X) will not ( ) affect the agreement (cost, schedule, or requirements).

Estimated Cost: $20,880   Estimated Schedule Impact: N/A   New Project Total: $406,080
                                                                       (BSQUARE Labor only)

Impact of Accepting Requested Change:

Impact of Rejecting Requested Change:

Deliverables Affected (Reference Statement of Work as appropriate): CLIO Main board

Section 4: Client Disposition – Completed by Client Project Manager or Sponsor

Approval (Check One):   ☐ Approve: ☐ Disapprove: ☐ Defer Until:

Name (Print):   Signature: Date:

_____   _____   _____

Section 5: Final Approval Signatures and Funding

Client Authorizer Name (Print):   Signature: Date:

_____   _____   _____

BSQUARE Program Manager (Print):   Signature: Date:

_____   _____   _____

BSQUARE Vice President (Print):   Signature: Date:

_____   _____   _____

Note: Client agrees that this change request is an addendum to the existing Agreement with BSQUARE, and all terms and conditions are still in effect in accordance with this change.

Misc COS for Battery pack power supply value engineering LCD + Inverter admin CM components part numbers I/O connector placement			
Task	Assumption	Actual	From BSST
Battery Pack	Battery back smart battery would use off the shelf components with minimum technical coordination.	A custom firmware design is being implemented to reduce pack cost. Significant technical coordination has been required. Requirements and acceptance criteria definition required	48
Power Supply design cost reduction	Use existing Mobile pro-power supply	Replaced main DC/DC, Core voltage supply, POR DC/DC initialization circuit.	40
LCD + Inverter	A drop-in LCD requiring moderate integration required. An off-the-shelf inverter component to be mounted on the PCB holding the On/Off button. (Does not include inverter spec)	There is actually very little room for the inverter. Required a custom part. Extensive transformer search with several configurations looked at. LCD rotation required for desired viewing angle.	16
PCB placement	All components would fit including Modem	Design did not fit. Time required iterating placement.	16
Clio Keyboard Adaptor Study		Determine what can be done to accommodate both the Clio and Fujitsu keyboards. Study two options for allowing provision for a custom Clio style keyboard.	16
CM Component support.	Use CM component part numbers.	BSQUARE component part numbers are required. Creating them and adding them to the schematic	12
Detailed design review	Not on original schedule		12
Connector placement	All connectors would fit in the space available in the original Clio.	Study several I/O configurations to accommodate all connectors	8
Keyboard connector	Use standard ZIF connector	Special provisions are required for prototype due to Fujitsu cable design. Connector was hard to find.	6
Total			174

b SQUARE

Change of Scope

Client: Data Evolution   Project Name: Clio NXT   Agreement:

Preparer: Tim Harrington   Date: 03/16/2005

Section 1: To be Completed by Preparer or Requestor

Change Short Name: Additional Tasks   Change #: 006

Change Description: Program management, Design validation, upgrade to M-Systems G3 chip and Electrical Tasks

The items in this Change of Scope were discussed and agreed to on March 15, 2005. Total hour increase is 1192 hrs. BSQUARE has agreed to write down 510 hours. Data Evolution (DE) is responsible for up to 682 hours of this change of scope.

Reason for Change Request:

Category (Check One:)   ☐ Customer Request   ☒ Internal Request   ☐ Other (Explain)

Priority (Check One):   ☐ Optional   ☐ Desirable   ☒ Mandatory

Section 2: Change Request Evaluation Assignment

Estimator: Michael Kahn   Hours Estimated for Evaluation: Date Assigned:

Related Change Requests (List #s)   Estimated Start Date: Estimated End Date:

Section 3: Change Evaluation Report

Date Evaluation Completed: This change will (X) will not ( ) affect the agreement (cost, schedule, or
  Done within Phase 1   requirements).

Estimated Cost: Estimated Schedule Impact: New Project Total $: 487,920

Impact of Accepting Requested Change:

Impact of Rejecting Requested Change:

Deliverables Affected (Reference Statement of Work as appropriate):

Section 4: Client Disposition -- Completed by Client Project Manager or Sponsor

Approval (Check One):   ☐ Approve: ☐ Disapprove: ☐ Defer Until:

Name (Print):   Signature:

_____   _____

Section 5: Final Approval Signatures and Funding

Client Authorizer Name (Print):   Signature:

_____   _____

BSQUARE Program Manager (Print):   Signature:

_____   _____

BSQUARE Vice President (Print):   Signature:

_____   _____

Note: Client agrees that this change request is an addendum to the existing Agreement with BSQUARE, and all tern in accordance with this change.

Assumption	Issue	Reason	Proposed COS	Miss Bid	Past Exec	Subtotal hours	(hours)	COS
Budgetary assumed 18 hours per week for EM/PM involvement.	Significantly more 3rd party suppliers then anticipated (keyboard, battery, LCD/Custom inverter unplanned). Add 10 additional EM/PM hours per week for remainder of project to cover unplanned management tasks.	Project coordination grew. Should have rebudgeted after Feasibility. New battery pack, new keyboard, custom LCD/inverter. We are late rebudgeting.	420			420	210	210
Utilize NEC design essentially unchanged. Integration and Validation 240 hours	Planned validation tasks. New power supply, new battery, significant changes to architecture.	Electrical design changed significantly from the NEC mobile pro design. Requiring full validation. Should generate a COS	328			328		328
A supplier would develop a custom keyboard to mimic the Clio old keyboard. Such a supplier was identified and proposed in the Feasibility document.	Extensive search for off the shelf keyboards to reduce cost.				40	40	40	0
M-DOC G2 chip from the NEC design. Minor changes to PIC code.	M-DOC G2 chip at EOL. Planned software modifications to support M-DOC G3 chip. PIC code changes for new power supply and keyboard scan adjustment.	CM not on board to help scrub BOM for EOL. Did not check during budgetary preparation so was not in the original quote. Should have caught during feasibility and generated a COS	144			144		144
Multiple iterations on placement. Electrical design took longer them anticipated.	Electrical design tasks took longer then anticipated: Feasibility & architecture, Layout/placement support multiple iterations, (Phases 1&2 126 hrs, Phase 3 134 hrs)			110	150	260	260	0
Total			892	110	190	1192	510	682

b SQUARE

Change of Scope

Client: Data Evolution   Project Name: Clio NXT – Cathena Design Support   Agreement: Professional Engineering Services Agreement dated January 18, 2005

Preparer: Tim Harrington   Date: 4/13/2005

Section 1: To be Completed by Preparer or Requestor

Change Short Name: Cathena Electrical Engineering Phase 1 Design   Change #: **007**

Change Description: Electrical Design Tasks not performed by BreconRidge

Reason for Change Request: Request from Data Evolution to perform design tasks for Cathena.

Design Tasks	EAC	4/8/2005
Modem	8	0
Ethernet	32	8
Display interface	24	0
Keyboard I/F	24	0
Consulting	40	0
Project Management	20	0
Total	**148**	**8**

Category (Check One:)   ☒ Customer Request   ☐ Internal Request   ☐ Other (Explain)

Priority (Check One):   ☐ Optional   ☐ Desirable   ☒ Mandatory

Section 2: Change Request Evaluation Assignment

Estimator: Michael Kahn   Hours Estimated for Evaluation: Date Assigned:

Related Change Requests (List #s)   Estimated Start Date: Estimated End Date:

Section 3: Change Evaluation Report

Date Evaluation Completed: This change will ( ) will not ( ) affect the agreement (cost, schedule, or requirements).

Estimated Cost: **$17,760**   Estimated Schedule Impact: New Project Total: **$ 505,680**

Impact of Accepting Requested Change:

Impact of Rejecting Requested Change: Will impact Cathena Schedule

Deliverables Affected (Reference Statement of Work as appropriate):

Section 4: Client Disposition – Completed by Client Project Manager or Sponsor

Approval (Check One):   ☐ Approve: ☐ Disapprove: ☐ Defer Until:

Name (Print):   Signature: Date:

Section 5: Final Approval Signatures and Funding

Client Authorizer Name (Print):   Signature: Date:

_____   _____   _____

BSQUARE Program Manager (Print):   Signature: Date:

_____   _____   _____

BSQUARE Vice President (Print):   Signature: Date:

_____   _____   _____

BSQUARE Authorized Officer (Print):   Signature: Date:

_____   _____   _____

Note: Client agrees that this change request is an addendum to the existing Agreement with BSQUARE, and all terms and conditions are still in effect in accordance with this change. BSQUARE agrees to the changes reflected in this COS document subject to its assumption that the individual who signs this COS on behalf of the customer has the authority to bind the customer to the terms of this COS.

bSQUARE

<div align="right">

Change of Scope

</div>

Client: Data Evolution   Project Name: Clio NXT   Agreement: Professional Engineering Services Agreement dated January 18, 2005

Preparer: Tim Harrington   Date: 4/27/2005

Section 1: To be Completed by Preparer or Requestor

Change Short Name: Power on Self Test (POST) software for Clio NXT Main Circuit Card Assemble.   Change #: 008

Change Description: This change of scope provides a Time and Materials estimate for developing a Power on Self Test that can be used during manufacturing of the Clio NXT Main Circuit Card Assemble. The tests that will be developed and an estimate of the development effort are provided in the table below.

Reason for Change Request: Development of this test software was requested by BreconRidge to support manufacturing. This development work was not included in the original project Statement of Work.

Task	Detail	Hours EAC
Development	Develop Power on Self Test (POST) software for Clio NXT Main Circuit Card Assemble. The following tests will be developed: 1. Software Version 2. DOC Test 3. SDRAM Test 4. Video Controller SM501 Test 5. PCMCIA Test 6. WiFi CF Test 7. SD Card Test 8. Suspend Test See Software Specification Clio NXT Power On Self Test Firmware Version 1.1 for specific details	120
Implement	Debug and Integration with BreconRidge	32
Total		152

Category (Check One:)   ☒ Customer Request   ☐ Internal Request   ☐ Other (Explain)

Priority (Check One):   ☐ Optional   ☒ Desirable   ☐ Mandatory

Section 2: Change Request Evaluation Assignment

Estimator: Michael Kahn   Hours Estimated for Evaluation: Date Assigned:

Related Change Requests (List #s)   Estimated Start Date: Estimated End Date:

Section 3: Change Evaluation Report

Date Evaluation Completed: This change will (X) will not ( ) affect the agreement (cost, schedule, or requirements).

Estimated Cost: **$19,760**   Estimated Schedule Impact: none identified   New Project Total: **$523,920**

Impact of Accepting Requested Change: BSQUARE will develop POST Tests for BreconRidge.

Impact of Rejecting Requested Change: BreconRidge will need to make other arrangements for circuit board testing (e.g. ICT)

Deliverables Affected (Reference Statement of Work as appropriate): Additions to the bootloader.

Section 4: Client Disposition – Completed by Client Project Manager or Sponsor

Approval (Check One): ☐ Approve: ☐ Disapprove: ☐ Defer Until:

(Print): _____   Signature: _____   Date: _____

ction 5: Final Approval Signatures and Funding

Authorizer Name (Print): _____   Signature: _____   Date: _____

RE Program Manager (Print): _____   Signature: _____   Date: _____

RE Vice President (Print): _____   Signature: _____   Date: _____

ARE Authorized Officer (Print): _____   Signature: _____   Date: _____

Client agrees that this change request is an addendum to the existing Agreement with BSQUARE, and all
: and conditions are still in effect in accordance with this change. BSQUARE agrees to the changes reflected
COS document subject to its assumption that the individual who signs this COS on behalf of the customer has
thority to bind the customer to the terms of this COS.